



The President's Daily Brief

June 22, 1976

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FOR THE PRESIDENT ONLY

June 22, 1976

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ITALY: *The Communist Party made a major advance in the Italian parliamentary election but fell short of overtaking the Christian Democrats as Italy's largest party. The results strengthen the Communists' bid for some role in the national government, but provide no clear-cut solution to Italy's political deadlock.*

The Communists were the only party to advance significantly in either the senate or the chamber of deputies, compared to the previous parliamentary election in 1972. The final count for the senate gave the Communists 33.8 percent, an increase of more than 6 percent over 1972. In the chamber, with 96 percent of the ballots counted, the Communist vote of 34.7 percent is an increase of more than 7 percent over the party's 1972 showing--the largest gain the Communists have registered in any postwar election.

The Christian Democratic totals of 38.9 percent in the senate and 38.7 percent in the chamber are only fractionally different from the party's performance in 1972, although they represent a gain of about 3 percent with respect to the Christian Democrats' performance in the regional elections last year. The Christian Democrats appear to have held their own mainly by offsetting losses on their left--apparently to the the Communists--by drawing support away from smaller parties, such as the neo-fascists, Liberals, and Social Democrats.

The Socialists, who pushed hardest for an election, remain in third place but will be bitterly disappointed by their showing--10.2 percent in the senate and 9.7 percent in the chamber--which does not differ significantly from the party's vote in 1972 and represents a drop of about 2 percent compared to the Socialist vote in the regional elections.

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The election results will make it very difficult to form a new government, and protracted negotiations are likely.

The election was called mainly as a result of the Christian Democrats' refusal to yield to a long-standing Socialist demand that the Communists be given at least an indirect role in the government. The election has now strengthened the Communists' influence, leaving the question of their future role at the center of political debate.

Despite the Socialists' lackluster showing, they remain in a pivotal position. The Christian Democrats will not be able to put together a non-Communist parliamentary majority without them. Any negotiations between the Christian Democrats and Socialists on the terms of a new coalition may thus be reduced to a tug of war between the two parties over the degree of influence to give the Communists in national policy making. The Christian Democrats' ability to make concessions will be limited by the fact that their base of support has shifted even further to the right as a result of their tough anti-Communist campaign.

While it is too early to draw firm conclusions, it is likely to be difficult, if not impossible, to isolate the Communists entirely from the national governing process. With their position in parliament vastly strengthened, their cooperation would be needed more than ever to pass and implement any major programs proposed by a government in which they do not participate directly.

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LEBANON: A cease-fire arranged by Libyan mediator Prime Minister Jallud early Monday morning has been partially effective. Although there is still some heavy fighting, the truce has allowed an advance contingent of the Arab League security force, made up primarily of Syrian troops, to take up positions around the Beirut airport.

The terms of the cease-fire clearly favor Syria and are a measure of the Palestinians' near-desperate desire to open up at least one supply route to the capital. 25X1 25X1

Syrian troops have begun to withdraw from the airport area; we have no evidence as yet, however, that other provisions of the truce are being carried out. 25X1

The US embassy has learned that the League security force hopes to have the airport open by today or tomorrow so that additional League troops can be brought in by air. Other Arab countries contributing to the force continue to stall, and apparently none has any immediate plans to send its participants.

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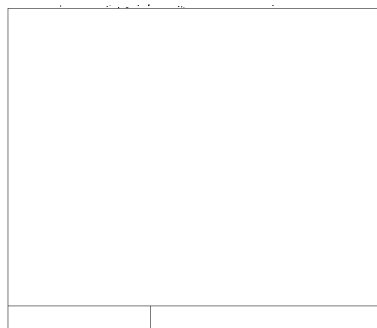
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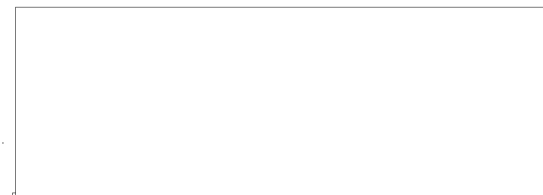
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The Soviet ships that monitored the US evacuation from Lebanon are still in the eastern Mediterranean.

Nine Soviet warships and a few naval auxiliaries are continuing surveillance of US forces near the Lebanese coast. The nearest US unit to Lebanon is some 50 miles off Beirut.

There are now 66 Soviet naval units in the Mediterranean.

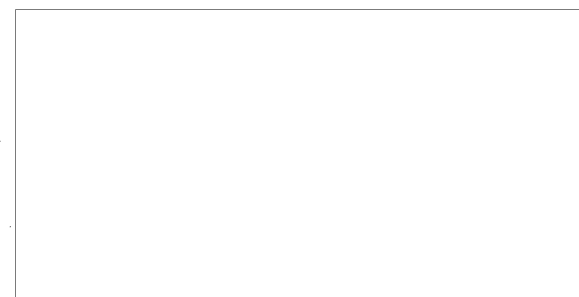
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SYRIA:



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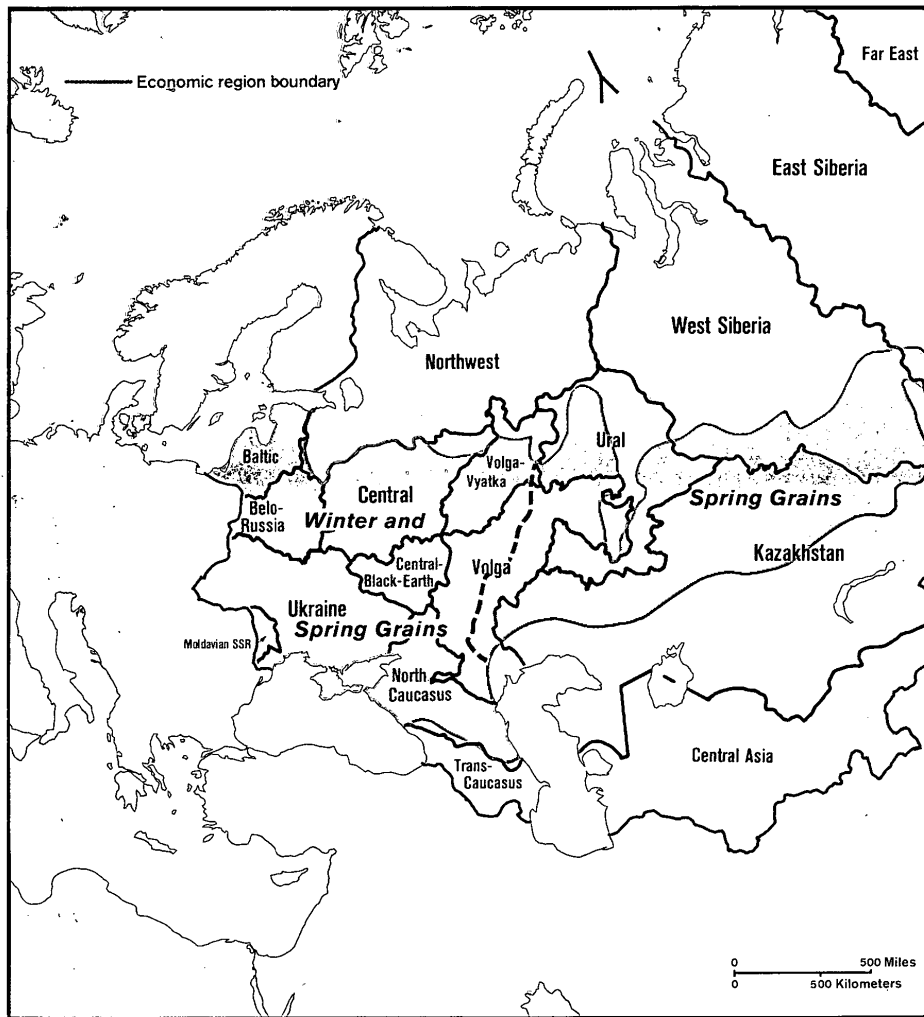


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USSR: Major Grain Growing Regions



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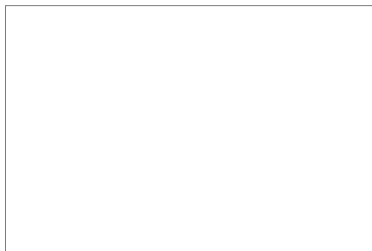
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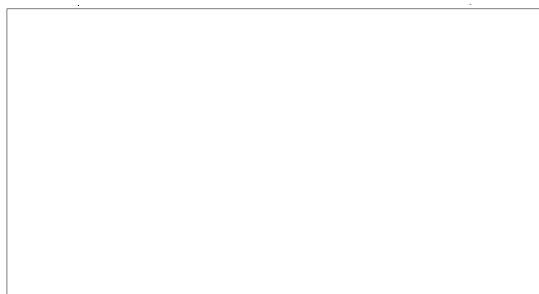
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USSR: Growing conditions in the Soviet Union have improved, and prospects are favorable for a grain harvest well above last year's disastrous crop of 140 million tons.

If normal weather prevails during the balance of the growing and harvesting season, we estimate Soviet grain production will be 195 million tons. Unfavorable weather conditions could substantially reduce the size of the harvest, and under optimum weather conditions output could be as high as 215 million tons.

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Later today the USDA will release an estimate of 190 million tons, based on a different methodology.

Crop conditions in much of European Russia, the major winter grain area, are now good, and the main harvest will begin early next month. Almost one third of the area sown last fall, however, was lost.

Prospects for spring grains have improved during the past month. Soil moisture problems apparently are not as critical or widespread as indicated by earlier weather data.

Soviet needs for grain imports this year depend not only on the size of the harvest and on basic grain requirements, but also on the rate at which Moscow chooses to rebuild livestock inventories and replenish grain stocks.

Based on a harvest of 195 million tons, we estimate that Moscow will import about 20 to 25 million tons of grain in the 15-month period beginning on July 1, 1976.

Twenty million tons would be only about two thirds of the amount purchased last year to cover the shortfall in grain. Moscow would welcome such a reduction since record hard-currency deficits are beginning to cause payments problems. World supplies of grain have eased from last year and seem adequate for Soviet needs.

Our grain import forecast would allow 30 million tons of grain for starting an ambitious livestock program--after last year's distress slaughtering--and for rebuilding depleted reserves.

So far this year Moscow has probably bought 12 million tons of grain. Thus, the Soviets would have to import another 8 to 13 million tons if our 20 to 25 million

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ton forecast turns out to be correct. They are obligated to take at least 3.8 million tons more US grain under the US-USSR grain agreement. As in the recent past, a little more than half of total imports probably will be feedgrains.

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CHINA: *Barring a marked improvement in the weather, China will be hard pressed to equal last year's estimated grain output of 260 million tons.*

Spring- and summer-harvested crops, which account for 40 percent of the annual output of grain, were probably no better than last year, despite a reported acreage increase.

In the northern part of the North China Plain--the major winter wheat growing area--crops were adversely affected by excess rain during fall planting and by drought after sprouting this spring. More favorable conditions in the southern part of the Plain will not compensate for these losses.

The rice crop has suffered repeated setbacks from bad weather this year. The first rice to be harvested from the spring and summer crop will be ready in July.

The rains that brought relief to spring drought areas may have slowed the planting of fall grains, which normally account for 60 percent of the total grain output.

It is still too early to gauge what China's grain import position will be. The leadership has not moved to purchase more than the roughly 2 million tons scheduled for delivery from Canada and Australia in 1976.

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SOUTH AFRICA: *The readiness of South African leaders to blame the recent rioting on subversive elements suggests they will tighten already stringent controls on non-white activities.*

In a preliminary assessment, the US embassy in Pretoria states that government leaders are unlikely to consider reforms of the apartheid system--the continuation of which is setting the stage for future violence.

The embassy sees no factual basis for the assertion by the minister of justice in parliament last week that the rioting was fomented by white radicals and black subversives. It also discounts Prime Minister Vorster's subsequent intimations that the rioting was intended to scuttle his meeting with Secretary Kissinger.

Although the rioting has not posed an immediate threat to white supremacy, the embassy believes the events have intensified the sense of insecurity among South African whites that became apparent during the Angolan crisis last winter. Fear of racial violence at home probably also will reinforce Pretoria's instincts toward caution rather than innovation in dealing with Rhodesia and Namibia.

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The Soviets

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After a year of relatively moderate rule in South Vietnam, the communists are beginning to tighten their control.

In early June, South Vietnam's Provisional Revolutionary Government announced stern measures, including the death penalty, to punish those who violate economic and security regulations. A special people's tribunal will be set up to try publicly and without appeal entrepreneurs who allegedly worked closely with the US and are still:

--Hoarding and speculating.

--Trying to evade taxes or bribing government officials.

--Storing weapons, "colluding with the reactionaries," or organizing refugee escapes.

During the past year, a debate has developed between those who advocate a gradual consolidation of the communists' position in the south and advocates of rapid and forceful change. Although those favoring a faster pace apparently now hold the upper hand, public commentaries remain contradictory, suggesting that the issue is still unresolved.

Hanoi so far has not acted on what is potentially the most controversial issue--collectivization of agriculture in the south. Some insight into the communists' approach on this matter probably will emerge from the Fourth Party Congress slated for sometime this year.

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